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C O N F I D E N T I A L SECTION 01 OF 03 RANGOON 000135

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STATE FOR EAP AND IO; PACOM FOR FPA

E.O. 12958: DECL: 01/11/2017

TAGS: PGOV PREL BM PINR CH IN KS

SUBJECT: INDIA'S RELATIONS WITH BURMA'S MILITARY REGIME

REF: A. STATE 4001 - FOREIGN ENERGY AND MILITARY  
COOPERATION

- 1B. RANGOON 48 - MAUNG AYE
- 1C. 06 RANGOON 1704 - NATURAL GAS
- 1D. 06 RANGOON 1818 - OIL AND GAS POTENTIAL
- 1E. 06 RANGOON 1248 - INDIA'S BURMA POLICY

Classified By: P/E Chief Leslie Hayden for Reasons 1.4 (b) and (d)

11. (C) Summary: In the interest of national security and economic growth, India has taken what it views as a practical and realistic approach in its relations with Burma's military regime. Number 2 General Maung Aye is their main interlocutor, although he has expressed frustration with the slow pace with which India delivers its promised assistance. The Indian DCM told us that India's natural gas dealings with the regime were not linked to military assistance and maintained that recent military agreements with the regime were intended solely to secure its northwest border against insurgent groups fleeing to or staging attacks from Burma. In its high-level discussions with GOB officials, India does not press the regime to implement any democratic reforms.  
End Summary.

"A Realistic Approach"

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12. (C) During a recent conversation with pol/econ chief, Indian DCM Manoj Kumar Bharti discussed his country's political and economic engagement with Burma's military regime. Throughout the discussion, Bharti emphasized that India has adopted a realist approach in its dealings with Burma. It is the responsibility of the Burmese people to bring political change to Burma, not India, Bharti said. Burma is one of the few neighbors with whom India enjoys a cooperative relationship, in contrast with Pakistan and Bangladesh. Bharti stated that India's relationship with Bangladesh has become even worse than its troubled dealings with Pakistan. He noted Bangladesh's refusal to agree on favorable terms for construction of a pipeline to transport natural gas from Burma to India through its territory, and he accused Bangladesh of refusing to develop its own off-shore natural gas deposits simply because India has expressed interest in purchasing any future gas supplies. These troubled relationships, Bharti stressed, had forced India to

court its other neighbors.

#### Dealing with Maung Aye

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¶3. (C) The recent visit of India's External Affairs Minister to Burma was a pro-forma, familiarization trip, since the Minister had never paid an official visit during his previous term as External Affairs Minister, Bharti said. No agreements were reached or contracts signed, he emphasized. Bharti confirmed to us that Number 2 General Maung Aye had initiated the regime's overtures to India and is the Indian Government's main interlocutor (Ref B). He praised Maung Aye's intelligence but acknowledged Maung Aye has expressed frustration with the slow pace it takes for proposed assistance to gain the necessary Indian government approvals and then be implemented. India's proposed US\$ 20 million Indian EXIM Bank loan to modernize an oil refinery and a proposed US\$ 100 million loan to develop the Sittwe port (Ref C) reportedly still await Indian Cabinet approval. China, Bharti noted, encounters no such delays in funding assistance to the regime. Contrary to press reports, Bharti stressed, India is not competing with China for influence with the Burmese military regime. India knows that China has considerable economic influence with the regime and is in Burma to stay, he added. Regardless, India also seeks to be a long-term player in Burma.

#### Natural Gas Deals

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¶4. (C) Bharti said it is still unknown whether the Shwe fields off Burma's Rakhine coast will yield enough natural

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gas to justify constructing export infrastructure to India and/or China. Bharti said India will use results of Shwe field appraisals, due in May of this year, to determine the feasibility of constructing a pipeline. Additionally, Director of the General Energy Planning Division in the Ministry of Energy, Soe Myint, recently stated that the GOB will decide whether to export any gas to India in May, after the reserves are certified. The GOB has also recently stated that gas from the Shwe fields would primarily be used for domestic needs, with any surplus left for export. Indian companies GAIL and ONGC hold thirty percent ownership stakes in the blocks, but India has not yet signed any contracts or completed any deals with the regime to purchase the natural gas, Bharti said. In a separate meeting, Indian Economic Counselor Rajinder Khanna told econoff that he believed that the average amount being paid to the regime for exploration rights is around US\$ 60,000. Khanna also said that India's only bilateral commercial project with Burma is a fiber optic cable project designed to improve telecommunications between the two countries.

#### Military Assistance

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¶5. (C) Asked whether India's natural gas dealings with the regime were linked to its recent military assistance to Burma, Bharti replied that there was no quid pro quo arrangement. Military assistance to the regime is handled separately from India's natural gas business, he explained, emphasizing that India's military assistance to Burma was intended solely to help Burma secure its northwest border against India-based insurgent groups who, India believes, are fleeing to Burma or staging attacks from Burmese territory. Khanna separately told econoff that India considers its military cooperation with Burma to be "minor" and has no desire to conduct joint operations. When asked if Burma paid for the military equipment India had recently supplied, Bharti said the military equipment was given to Burma as assistance without compensation.

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¶ 16. (C) When asked whether India raises democratic reforms or pushes the regime during high-level discussions to address Burma's worsening social and economic problems, Bharti responded unequivocally that India does not discuss these subjects with the regime. Bharti added that India's leaders may comment during high-level meetings that India is pleased with the regime's progress on its seven-step "roadmap to democracy," but they make no effort push the regime to enact any specific reforms or to open a dialogue with the pro-democracy opposition.

¶ 17. (C) Bharti elaborated that India is under no illusion that the "roadmap to democracy" is anything other than an exercise in manipulation to ensure the military's continued hold on power. He presumed that before any parliamentary elections the regime would convert its mass-member organization, the Union Solidarity and Development Association (USDA), into a political party and manipulate elections so that the military and the USDA would control any future parliament. Bharti noted that the regime's daily negative attacks on the NLD in their mouthpiece newspaper, the New Light of Myanmar, indicated the regime still felt threatened by Aung San Suu Kyi and her party. He doubted that the regime would ever release her or allow her to participate in the political process. Bharti commented that he saw the Burmese people as largely passive with a seemingly endless ability to endure the regime's political oppression and economic mismanagement. The fragmented pro-democracy groups, he continued, seemed unable or unwilling to unite to bring about real change. These conditions allow the military, by far the most organized political force in the country, to maintain its firm hold on power.

Comment:  
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¶ 18. (C) Indian diplomats in Rangoon are frank with us about their government's intention to take what they view as a purely practical and realistic approach in their relations with Burma's military regime. They dismiss the capacity of Burma's pro-democracy opposition to bring about change, nor do they believe the regime has any intention to establish democracy. India prefers to court Burma as one its few friendly neighbors in support of its own national security and economic growth. Nevertheless, we recommend USG officials continue to raise Burma during their meetings with Indian officials at all levels to demonstrate the seriousness of USG support for democracy in Burma. End comment.

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